



## The People's Budget

Senate Republicans maintain there is a way to create a budget that is balanced without raising taxes and creating another large deficit in the future.

A true budget **FOR THE PEOPLE** should do five main things:

- ✓ **PROTECT TAXPAYERS:** No new taxes.
- ✓ **PROTECT PENSIONS:** No skipping of pension payments.
- ✓ **PROTECT EDUCATION:** Fully fund I-728 and I-732, while expanding access and enrollments for higher education.
- ✓ **PROTECT ENVIRONMENT:** Don't raid environmental cleanup funds, provide free access to state parks.
- ✓ **PROTECT ACCOUNTABILITY:** Create a more sustainable budget that reduces reliance on one-time funds, enacts more ongoing savings, and leaves a larger ending fund balance.

# ***Summary of The People's Budget***

## **No tax increases**

### **Education**

- Fully Fund Education Initiatives without a tax increase
  - Fully fund levy equalization

### **Higher Education**

- Over 10,000 new enrollments
  - Increased financial aid availability to the middle class
- Greater efficiency – Limiting career students and tuition waivers

### **Health Care**

- Protect nursing home funding
- Maintain access via vendor rate increase for health care providers
  - Retain verification and eligibility efforts for Medicaid

### **Human Services**

- Completely backfill federal mental health funding loss
- Continue closure of Fircrest to ensure additional funding for DD services

### **Pensions**

- Sound and systematic funding – keep the commitment to our employees
  - Make payments to unfunded liabilities

### **Environment and Parks**

- Eliminate state parks day fee
- Protect environmental funding – don't raid environmental accounts

### **Compensation**

- Fund collective bargaining agreements in exchange for greater efficiencies

### **Fiscal Responsibility**

- Nearly triple the ending fund reserve balance

### How can this be done?

First, using Governor Gregoire's budget as a baseline:

#### **Find \$959 million in additional savings**

**Refrain from New Spending:**

#### **Total savings: \$192 million**

- **Do not implement new policy additions proposed by the governor - \$133 million**
- **Retain past budget savings policies - \$59 million**

**Additional Savings Proposals include:**

#### **Total Additional Savings: \$767 million**

- **State tort liability reform - \$40 million**
  - Make judgments and settlements above \$1 million subject to appropriation by the Legislature (See SB 5728, 2003 budget, and 2005 budget amendment).
- **Time-limit GAU - \$74 million**
  - Savings come from time-limiting the program to six months in a two-year period. (SB 6017, 2004, and 2005 budget amendment)
- **Utilize lottery funds for K-12 education - \$180 million**
  - Bring lottery funds back into the general fund for classroom education, where it had been spent prior to 2001-03. Construction funding replaced with bonds.
- **Bilingual Education - \$15 million**
  - Transition to a one year immersion policy, saving \$15 million in 2005-07. Much higher savings result in future biennia. (2005 budget amendment)
- **Staff Reductions - \$150 million**
  - A 3 percent reduction in the general state workforce. \$30 million is reserved for critically necessary personnel needs. This 2,700 reduction is actually offset by Gov. Gregoire's addition of 2,750 FTE's elsewhere in the budget, essentially maintaining the current level of the state workforce. (2005 budget amendment)
- **Contracting out - \$50 million**
  - Require the executive branch to find \$50 million in savings via competitive bidding for services. A 2002 Ways and Means study estimated savings to the state four times higher than that level are possible. (2005 budget amendment)
- **Eliminate 10 percent of state travel/equipment/personal services - \$20 million**

- (2005 budget amendment)
- **Tuition waiver reduction of 12.5 percent - \$19 million**
  - Half of the waiver would remain in the general fund, the other half would go to fund 1,900 in additional higher education enrollment slots. Currently institutions waive over \$300 million of tuition a biennium to 35 different categories, including state employees.
- **Higher Ed maintenance transfer - \$15 million**
  - Move \$15 million of maintenance costs to the capital budget.
- **Smoking cessation reduction - \$26 million**
  - Reduce biennial expenditures by 50 percent. (2005 budget amendment)
- **Tobacco Control Balance - \$45 million**
  - In recognition of less spending, eliminate the balance in the account. (2005 budget amendment)
- **Other savings proposed by Senate Democrats - \$92 million**
  - Savings in the Senate budget that were not in Gregoire's budget.
- **Senate Democrat health benefit inflation policy - \$41 million**
  - Accept the Senate proposal to recognize the lower 8.5 percent inflation rate, compared to the 11 percent now assumed.
- **Stop Career Student Subsidy – 1,648 New Enrollment Slots**
  - Creates 1,648 new higher education slots by requiring students who have accumulated more than 125 percent of the number of credits required to complete their degree to pay the full price of their college education. State subsidy that used to go to these students is spent on new enrollments instead. (Original SB 5135 (2003) & 2005 Budget Amendment)

**Total Savings Difference: \$959 million**

*And what would that \$959 million in savings allow us to do?*

**Purchases:**

**Total Alternative Spending: \$635 million**

- **No tax increases - \$203 million**
  - No increase in cigarette taxes, and continued death of the estate tax.
- **No skipping of pension payments - \$173 million**
  - Make the unfunded liability payments to PERS 1 and TRS 1.
- **More higher education financial aid - \$70 million**
  - Fund additional financial aid for the 10,100 new enrollment slots created through this budget proposal.
  - Also increases the financial aid eligibility up to 70 percent of median income. (\$46,600 for a family of four)
- **Preserve environmental accounts - \$39 million**
  - No transfer of funds from environmental accounts to the general fund.
- **Vendor rate increase - \$36 million**

- Implement Senate policy to fund vendor rate increases for all providers, of 1.2% and 1.7%. Gregoire's budget provides no rate increase for doctors.
- **No cuts to nursing homes - \$27 million**
  - Restore funding to nursing homes eliminated in the governor's budget.
- **Fully fund levy equalization - \$24 million**
  - Restore funding for levy equalization eliminated in the governor's budget.
- **Fund increase for community care, and medically indigent - \$20 million**
  - \$10 million is added for each care reimbursement.
- **No retroactive sentencing - \$15 million**
  - Implement electronic monitoring, but not retroactively.
- **Maintain secure CRC's - \$9 million**
  - Restores funding eliminated in the governor's budget.
- **Eliminate the state park day fee - \$8 million**
  - Terminate the \$5 daily fee, and replace with general fund support.
- **Closure of Fircrest facility - \$5 million**
  - Continue process of Fircrest closure, creating funding for thousands of developmentally disabled people to receive services.
- **Agency home care worker parity - \$4 million**
  - Provide cost of living increases for all state home care workers. (2005 budget amendment)
- **Fully fund mental health services - \$2 million**
  - Buy back reduction made in the governor's budget proposal.

### **Other Significant Policies -- Higher Education:**

- **Fund 10,100 New Enrollments** (6,600 Gregoire Base, 1,648 Career Student, 1,900 Tuition Waiver)
- **Gregoire's Tuition Policy** (5% yearly at 4 years / 4% yearly at 2 years) -- Institutions Retain Money
- **Increase Financial Aid eligibility to 70% Median Income** (\$46,600 for family of four)

**This proposal leaves \$520 million in the ending fund balance – more than 2 1/2 times the amount left in reserves in the other three proposals.**

# **Republican Proposed 2005-07**

## **Biennial Balance Sheet**

General Fund State – Dollars in Millions

<b>RESOURCES</b>	
<b>Beginning Fund Balance</b>	<b>628.8</b>
March 2005 Forecast	24,885.3
2005 Supplemental: Continuation of liquor surcharge	
New Revenue Assumed in Budget	235.2
Proposed 2005-07 Agency Request Legislation	(1.2)
Proposed 2005-07 Budget Driven Revenue	26.8
<b>Current Revenue Totals</b>	<b>25,146.1</b>
2003-05 Fund Transfers and Other Adjustments	
Federal Fiscal Relief - Grant	
2005 Supplemental: transfer from Elections Account	
Proposed 2005-07 Fund Transfers	330.1
Changes in Reserves and Other adjustments	
<b>Total Resources (Includes Fund Balance)</b>	<b>26,105.1</b>
<b>APPROPRIATIONS AND SPENDING ESTIMATES</b>	
<b>Biennial Appropriation</b>	<b>25,584.4</b>
2004 Supplemental Appropriations	
Governor's Vetoes/Lapsed Appropriations	
Governor's Proposed 2005 Supplemental Budget	
<b>Spending Level</b>	<b>25,584.4</b>
<b>UNRESTRICTED GENERAL FUND BALANCE</b>	
<b>Projected Ending Fund Balance</b>	<b>520.6</b>